

Message Text

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ORIGIN STR-04

INFO OCT-01 IO-14 ISO-00 SSO-00 TRSE-00 COME-00 AGRE-00
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EB-07 FRB-01 H-02 INR-07 INT-05 L-03 NSAE-00
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FM SECSTATE WASHDC
TO USMISSION GENEVA IMMEDIATE

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USMTN

E.O. 11652:

TAGS: ETRD,

SUBJECT: LDC REVIEW - JULY 25

1. THE FOLLOWING MEMO WAS DISTRIBUTED BY ALAN WOLFF TO:
JULIUS KATZ, DEPARTMENT OF STATE, C. FRED BERGSTEN,
TREASURY, FRANK WEIL, COMMERCE, DALE E. HATHAWAY, AGRICUL-
TURE, AND HOWARD SAMUEL, LABOR.

2. THE FOLLOWING IS TEXT OF MEMO QUOTE: WE ARE IN GOOD
SHAPE FOR OUR BILATERALS ON THE MTN WITH THE DEVELOPED COUN-
TRIES. WE ARE NOT IN GOOD SHAPE FOR BILATERALS WITH
DEVELOPING COUNTRIES. WE DO NOT WANT A SITUATION TO
DEVELOP WHERE WE HAVE A CONSENSUS FOR MOVEMENT WITH THE EC
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AND JAPAN BUT HAVE NOT ADDRESSED THE LDC PROBLEM.

DIFFICULT DECISIONS IN THE MTN SHOULD BE MADE NOW FOR LDC'S
IN THE SAME WAY AS WE ARE MAKING THEM FOR THE EC. ATTEN-
TION SHOULD BE FOCUSED ON SAFEGUARDS, FRAMEWORK AND TARIFFS.
PARTICULARLY IMPORTANT IS THE DEVELOPMENT OF A STRATEGY FOR
COORDINATING WITH DEVELOPED COUNTRIES AND FOR ASSURING

DOMESTIC SUPPORT FOR OUR LDC INITIATIVES.

OUR PRESENT SCHEDULE INDICATES THERE WILL BE BILATERAL DISCUSSIONS WITH BRAZIL, INDIA, ASEAN, MEXICO, COLOMBIA, ARGENTINA, AND OTHER LATIN AMERICAN COUNTRIES. WE ALSO WANT TO REVIEW ANY NEW DEPARTURES IN OUR LDC TRADE POLICY WITH OUR CONGRESSIONAL AND PUBLIC SECTOR ADVISORS IN THE FALL. THEREFORE, I HAVE INSTRUCTED STEVE LANDE AND LANCE GRAEF TO LEAD AN INTERAGENCY REVIEW ON LDC'S DURING THE WEEK OF JULY 25. DIFFERENCES WHICH CANNOT BE WORKED OUT IN THE REVIEW WILL BE BROUGHT TO THE ATTENTION OF THE TRADE POLICY STAFF COMMITTEE, MTN STEERING GROUP OR TRADE POLICY GROUP AS APPROPRIATE.

I HOPE THE REVIEW WILL OUTLINE THE PRIORITIES OF OUR TRADE POLICY WITH THE DEVELOPING COUNTRIES. A WORK PROGRAM TO FILL IN GAPS IN KNOWLEDGE SHOULD BE AGREED UPON AND THE FUTURE NEGOTIATING FRAMEWORK HIGHLIGHTING STRATEGY AND TACTICS SHOULD BE OUTLINED. A DOMESTIC AS WELL AS A FOREIGN STRATEGY SHOULD BE DEVELOPED.

BASED ON OUR EXPERIENCES IN THE JUNE STR MTN POLICY REVIEW, I SUGGEST SHORT PAPERS BE PREPARED WHERE POSSIBLE (SEE ANNEX). SINCE MUCH OF THE INITIAL WORK HAS ALREADY BEEN DONE (COMMERCE'S GRADUATION PAPER, TPSC POSITION PAPERS, OECD LDC STUDIES), I BELIEVE THAT LITTLE ORIGINAL RESEARCH

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IS REQUIRED. MANY ELEMENTS OF OUR LDC POLICY, E.G., NON-DISCRIMINATION, NOTIFICATIONS, CONSULTATIONS, ARE COMMON TO ALL MTN WORKING GROUPS. ADDITIONALLY, HOWEVER, WE SHOULD HAVE SPECIFIC PROPOSALS WHERE COMMON APPROACHES ARE NOT POSSIBLE. NEW IDEAS FOR DISCUSSION SHOULD BE PUT FORWARD EVEN IF THEY HAVE NOT BEEN FULLY STAFFED OUT.

THE OBJECTIVES OF THE REVIEW WILL BE TO SET OUT PARAMETERS FOR LDC TRADE PROBLEMS IN MUCH THE SAME WAY AS WE HAVE SET THEM OUT FOR DEVELOPED COUNTRY PROBLEMS OVER RECENT WEEKS. I WOULD HOPE YOU WOULD DIRECT APPROPRIATE MEMBERS OF YOUR STAFF TO PREPARE WORK AND PARTICIPATE DURING THE REVIEW WEEK OF JULY 25TH. THE LEVEL OF THE REVIEW PARTICIPANTS WILL BE OFFICE DIRECTOR, SUPPORTED BY OTHERS AS YOU DEEM APPROPRIATE.

ATTACHED IS AN OUTLINE OF THE PAPER. PLEASE HAVE YOUR STAFF CONTACT STEVE LANDE (395-6135) OR BARBARA STEINBOCK (395-6971), WITH THE NAMES OF YOUR AGENCY'S PARTICIPANTS. I SUGGEST THAT, WHEREVER POSSIBLE, THE INDIVIDUAL(S) BE FREE TO PARTICIPATE FULLY IN THE REVIEW DURING THE ENTIRE WEEK.

MTN - LDC REVIEW

I. OBJECTIVES

1. DEFINE AND PRIORITIZE U.S. OBJECTIVES TOWARD LDC'S
IN THE MTN.

2. DEFINE THE ELEMENTS OF OUR APPROACH BOTH WHICH ARE
COMMON IN ALL MTN GROUPS OR SUBGROUPS AND WHICH
DIFFER BETWEEN THEM.

3. DEFINE AND PRIORITIZE LDC OBJECTIVES TOWARD U.S.
IN THE MTN.
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4. ESTABLISH BASIS OF POSSIBLY MEETING LDC POSITIONS
OR RECONCILING U.S. AND LDC DIFFERENCES.

5. SET OUT PARAMETER FOR FALL CONSULTATIONS.

6. DECIDE ON FUTURE WORK WHICH MUST BE CARRIED OUT TO
PREPARE FOR CONSULTATIONS, OR WHERE MORE DETAILED
WORK IS REQUIRED THIS FALL AND WINTER.

II. WORK SCHEDULE

JULY 8 - LDC SUBGROUP MEETING TO DISCUSS PLANS FOR REVIEW
INCLUDING PAPER ASSIGNMENT - 10:00 A.M., RM. 721.

JULY 15 - DISTRIBUTION OF PAPER

JULY 19 - STR SENIOR STAFF DISCUSSION OF ADEQUACY OF
PREPARATION.

JULY 20 - LDC SUBGROUP DISCUSSION OF ADEQUACY OF PREPARA-
TION.

WEEK OF JULY 25 - LDC REVIEW

JULY 25 - DISCUSSION.

JULY 26 - REWORKING OF PAPERS, CONSULTATION WITHIN PARTICI-
PANT'S AGENCIES.

JULY 27-28 - DISCUSSION.

JULY 29 - AGREEMENT ON REVIEWS CONCLUSIONS AND FUTURE
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WORK.

(IF REQUIRED) TPSC OR STEERING GROUP CONSIDERATION OF PAPER.

SEPTEMBER 7 - COMMENCEMENT OF BILATERAL LDC PHASE WITH ASEAN CONSULTATIONS.

III. PAPERS TO BE PREPARED

A. LDC OVERVIEW PAPER BASED ON ATTACHED US-EC BILATERAL OVERVIEW AND ANNEX ON LDC'S IN THE MTN (MTN DEL.).

B. SPECIFIC TOPICS - 2-5 PAGES (MTN DEL.)

TARIFFS
SAFEGUARDS, QRS
SUBSIDIES, CVD
GATT REFORM
CUSTOMS VALUATION
STANDARDS
GOVERNMENT PROCUREMENT
ANTIDUMPING (STATE)

1. MAIN PAPER - U.S. POSITION, LDC POSITION, BASIS FOR ACCOMMODATION, IF ANY POLICY ISSUES TO BE DECIDED AND TALKING POINTS (COVER EACH OBJECTIVE IN COVER MEMO).

2. ANNEX - EXCERPTS FROM MTN DOCUMENTS, OECD PAPER, ETC.

C. CONTRIBUTIONS - (COMMERCE)

1. NEGOTIATING TACTICS - DESCRIBE.

2. SPECIFICS - DESCRIBE AND PRIORITIZE.

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(A) GRADUATION
(B) SPECIFIC TARIFF CUTS
(C) FUTURE TARIFF LEVEL
(D) TARIFF BINDINGS
(E) SPECIFIC LICENSING
(F) GENERAL OBLIGATION ON LICENSING PROCEDURE

(G) FUTURE LICENSE ELIMINATION
(H) NOTIFICATION; CONSULTATION
(I) CUSTOMS FORMALITIES
(J) GENERAL EXPORT ACCESS PROVISION
(K) SPECIFIC EXPORT ACCESS PROVISION
(L) SAFEGUARDS FOR BALANCE OF PAYMENTS AND DEVELOPMENT PURPOSES
(M) OTHER

D. SUMMARY OF DOCUMENTS ON LDC NEGOTIATING POSITIONS UN SEVENTH SPECIAL SESSION, MANILA DECLARATION, UNCTAD IV AND CIEC.

E. PRACTICAL BASIS FOR CONSIDERING S&D (TREASURY).

F. POLITICAL PROBLEMS AND WAYS OF OVERCOMING OPPOSITION (LABOR). END TEXT UNQUOTE.

3. WOULD APPRECIATE MTN INPUTS BY JULY 13. WOULD LIKE TO KNOW ARRIVAL OF LANCE GRAEF AND ANY OTHER PERSONS COMING FROM GENEVA FOR THE REVIEW. VANCE

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Message Attributes

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